

State of Rhode Island and Providence Plantations

Public Utilities Commission

Minutes of Open Meeting Held November 6, 2002

Attendees: Chairman Elia Germani, Commissioner Kate Racine, Commissioner Brenda Gaynor, Steve Frias, Cindy Wilson, Thomas Massaro, Alan Nault and Luly Massaro.

Chairman Germani called the open meeting to order at 2:00 PM in the first-floor hearing room of the Public Utilities Commission. A quorum was present.

Minutes of Open Meeting held on September 26, 2002, October 12, 2002 and October 24, 2002: Chairman Germani asked for a motion to approve the minutes of open meetings and Commissioner Racine moved to approve the minutes. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

Competitive Telecommunications Service Providers:

The following companies submitted tariff revisions. The Division has reviewed the tariff filings and does not recommend suspension of:

2736 - Conversent Communications of RI, Inc.
2618 - AT&T Communications of NE, Inc.
2621 - MCI WorldCom Communications, Inc.
2262(P7) - MCI WorldCom Communications, Inc.
2262(L10) - PaeTec Communications
2262(P8) - New Century Telecom, Inc.
2262(V5) - BellSouth Long Distance
2262(G1) - Business Telecom, Inc.
2262OE2) - Telecom*USA

After review, the Commission followed the Division's recommendation that the tariff filings be allowed to go into effect without suspension.

The following companies ceased operations in RI and requested that their authority to provide telecommunications services be rescinded. The Division supports the requests of:

2262(U) - Touch 1 Long Distance, Inc.
2262(B) - BLT Technologies, Inc.
2262(H12) - Singer Communications, LLC

After review, Chairman Germani asked for a motion and Commissioner Racine moved to rescind the registration of the companies. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

3475 – Verizon Rhode Island (“Company”): The Company submitted a tariff filing to introduce Call Intercept for effect November 10, 2002. Call intercept as an optional

residential service that gives subscribers the ability to request that calling parties identify themselves prior to the answering of the call by the subscriber. After review, the Commission followed the Division's recommendation that the tariff filing be allowed to go into effect without suspension. Commissioner Gaynor noted that the Division's memorandum from Brian Kent indicated that the current Anonymous Call Rejection (ACR) offering in RI, which is provided free of charge to Caller ID subscribers, would remain in place and that Verizon has no plans to discontinue it.

3085 – Review of Appropriate Area Code Relief - NeuStar's letter dated October 28, 2002 notified the Commission that projected exhaustion date for the 401 Numbering Plan Area ("NPA") had been pushed back from the 1st quarter of 2001 to the 1st quarter of 2009, and requested withdrawal of the Industry's relief plan for the 401 NPA. Atty. Wilson indicated that existing rules provide that a docket must be kept open only for a period of three years prior to the projected NPA exhaustion date. As the projected exhaustion date for the 401 NPA has now been pushed back to 2009, the Commission took notice of NueStar's request to withdraw the 401 NPA relief plan and unanimously agreed to close the docket. **Vote 3-0.**

3476 – New England Gas Co. ("Company"): This docket relates to the Company's proposed Service Quality Plan filed with the Commission. The United Steel Workers of America, Local 12431, filed a Motion to Intervene in this docket. The Company filed an objection to the motion. After review, Chairman Germani moved to grant Local 12431's motion to intervene on the basis that its interest is separate and apart from the other parties and would not be adequately represented by the Division. The motion was seconded by Commissioner Racine and unanimously passed. **Vote 3-0.**

2930 – Narragansett Electric Co. ("Company"): In this docket, the Commission reviewed the filings submitted by Narragansett and the Division pursuant to the directives of the Third Amended Stipulation and Settlement ("Stipulation") approved in Order No. 16200. The Company indicated that it received a tax savings resulting from two events: a decrease in its 2001 property tax expense to the City of Providence due to a property revaluation and a new statute that reduced Narragansett's property tax liability to the City of Providence for the tax year 2001. In lieu of litigating whether these events were "Exogenous Events" under the Stipulation, the Company and the Division jointly agreed ("Settlement") that Narragansett will apply, on an annual basis beginning January 2001, property tax savings equivalent to \$2.2 million as a credit to the Environmental Response Fund (ERF), which is under-funded, to cover Narragansett's ongoing environmental remediation expenses. The parties represented that the Settlement put the ratepayers in substantially the same position as if the property tax savings were treated as an Exogenous Event under the Stipulation. At the September 20, 2002 hearing, following concerns expressed from the bench, the parties further agreed ("Supplemental Agreement") that the \$2.2 annual credit would continue even after the end of the Rate Freeze Period, unless Narragansett's total property tax bill from the City of Providence

exceeds \$6.3 million, in which case Narragansett could file to terminate the credit. After review, Commissioner Gaynor moved to approve the Settlement as amended by the Supplemental Agreement, noting that the annual \$2.2 million credit will mitigate the under-funding of the ERF and thereby reduce the need for future rate increases to pay for the Company's environmental remediation costs. The motion was seconded by Commissioner Racine and unanimously passed. **Vote 3-0.**

In discussion, Commissioner Gaynor also noted that both the Company's and the Division's detailed responses to the Commission's post-hearing information request were most helpful in resolving her concern that the Stipulation seemed to require the \$2.2 million ERF credit to continue beyond the Rate Freeze Period, regardless of the level tax savings, and in persuading her that the treatment of the tax savings proposed by the Settlement and Supplemental Agreement would, in fact, put ratepayers in substantially the same position as if the tax savings was an "Exogenous Event" under the Stipulation.

The open meeting adjourned at 2:25 P.M.